

EXHIBIT C



February 13, 2009

Rochester Gas & Electric Corporation
89 East Avenue
Rochester, NY 14649

Attention: Mr. Chris Calice

Ref: Rochester Gas & Electric Corporation
Station 2 Hydroelectric Expansion Project
Purchase Order 5000016885 Unit No. 2 Turbine-Generator Unit

Dear Mr. Calice:

Per your notification letter dated October 24, 2008 ANDRITZ HYDRO Canada (formerly VA TECH HYDRO Canada) immediately ceased all of its activities, as well as any activities of all ANDRITZ HYDRO subcontractors and material suppliers related to the manufacture and supply of the turbine-generator and associated equipment/systems for RGE Station 2 Unit No. 2.

As your firm had subsequently requested and in reference to our discussions on Feb 10, 2009, the following is a presentation of the costs to RG&E incurred by ANDRITZ HYDRO Canada from the beginning of the contract up to October 24, 2008 (but not including costs associated with foreign currency hedging contracts):

Project Management & Manuals plus misc	\$53,572
Turbine	\$708,434
Generator	\$466,454
HPU	\$0
Controls	\$98,140
DT Liner + inlet flange + anchor bolts	\$15,715
Total (US\$)	\$1,342,315



The above quantities can be further broken down as follows:

Project Management/Project Engineering – ANDRITZ HYDRO Canada Inc.

Labor/Engineering (no material purchased)	100%
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Turbine – ANDRITZ HYDRO

Labor (Engineering, Purchasing, Contract Admin, etc.)	41.1%
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Material (including ordered Cast and welded parts, some partially formed)	58.9%
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Generator Scope: Hyundai Ideal Electric

Labor	
Manufacturing -	0.4%
Engineering -	41.6%

Material	
Issued for manufacturing -	6.2%
Material received and not able to cancel – (castings and stator wire)	16.8%
Waukesha Bearings cancellation charge -	34.9%

Attached are photos of the cast spider assembly and stator wire in our warehouse that has been received for this project.

Controls – North American Phoenix

Labor	95.7%
Other	4.3%

Note that the control scope effort had been primarily engineering and drawings. No materials or components had been purchased.

Draft Tube Liner – Formatech

Labor/Engineering (no material purchased)	100%
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Note that the draft tube liner scope effort had been primarily engineering, purchasing and scheduling man-hours. No materials or components had been purchased.



To date RG&E has made the following payments (US\$) to ANDRITZ HYDRO Canada:

VA TECH Invoice 1941 (2/14/08):	\$558,924
VA TECH Invoice 2003 (8/15/08):	\$558,924

Total Payments made to date: \$1,117,848

Recognizing the above, the outstanding amount due ANDRITZ HYDRO at the time of the suspension is \$224,467 (\$1,342,315 minus \$1,117,848). Per your request, we are proceeding with the preparation of an invoice in this amount and will include with the invoice a list of the deliverables and materials in our possession which make up a part of that cost.

Remaining Engineering

Should you wish ANDRITZ HYDRO to complete the engineering drawings of the contracted equipment to the extent necessary for you to finish your powerhouse design, another US\$50,000 would need to be expended. This amount represents engineering costs associated with finalizing the shaft/bearing design of the turbine and generator, design of the HPU, basic electrical interconnection drawings from North American Phoenix and a draft or similar installation procedure. This information would not include O&M manuals, PLC programming or relay setting calculations.

Please advise if we should proceed with the above design completion effort.

Hedging Currency Exchange Rate Risk

As we had covered during our recent meetings there remains the related subject of hedging contracts. The equipment supply contract with RG&E requires a firm price in US dollars. Under Andritz Hydro's Risk Management Guidelines, it is mandatory that exchange rate risk arising from business operations must be fully hedged by purchasing hedge contracts from financial institutions. Whenever the underlying transactions or cash flows do not materialize as planned, as is the case if a project is cancelled, the foreign exchange rate risk exposure arising from a risk hedging transaction must be closed.

In February 2008, Hedging contracts were purchased for the Rochester project. These contracts related to the net balance of incoming and outgoing payments in USD and outgoing payments in Euros against our balance sheet currency (CDN). At the time of the transactions, the USD/CDN rate was just over par and the EUR/CDN rate was approx. 1.46. Current rates are approx \$1.24 and \$1.60 respectively.



The net balance of USD resulted in contracts to sell USD against CDN at a very low rate compared to current monetary markets. To cancel, these hedges would require the purchase of USD at a rate approximately \$0.24 above the hedge contract rate producing a real cost to Andritz Hydro. On the other hand, we have contracts to purchase Euros at a rate approximately \$0.15 lower than current market rates. To cancel these contracts we would be exercising the contracts and selling the funds at a profit.

While the Rochester project is in suspension status, Andritz Hydro's current position regarding these contracts, is to rollover the contracts to future dates as they become due. There is a relatively minor transaction cost associated with this, calculated on the difference between the lending rates of the two currencies involved.

If the project was to move from suspension status to cancellation, the current real cost to Andritz Hydro is approximately \$450-500,000 USD. This is an approximate cost based on market rates of Feb.5/09 and will fluctuate until the date actual instructions are given to cancel the contracts. As a general rule, as the USD improves against the CDN dollar, the cost increases. If the Euro improves against CDN dollar, it will decrease cancellation costs.

Until we are given specific cancellation costs we will maintain the hedge contracts just as we maintain any materials specifically in hand for the project. When you determine cancellation is necessary we will advise you of the actual exposure. Until then we hope that you will get the approvals to continue in July, 2009 and the FX exchange costs remain only as minor transaction fees.

We look forward to further discussions with you in the upcoming weeks regarding the remaining engineering to be done and the future of this project.

Please note that, effective January 1st, 2009, Andritz VA TECH Hydro has changed its name to ANDRITZ HYDRO. Locally, our company will be called ANDRITZ HYDRO Canada Inc. Also note that my e-mail address has been changed to mark.barandy@andritz-hydro.com.

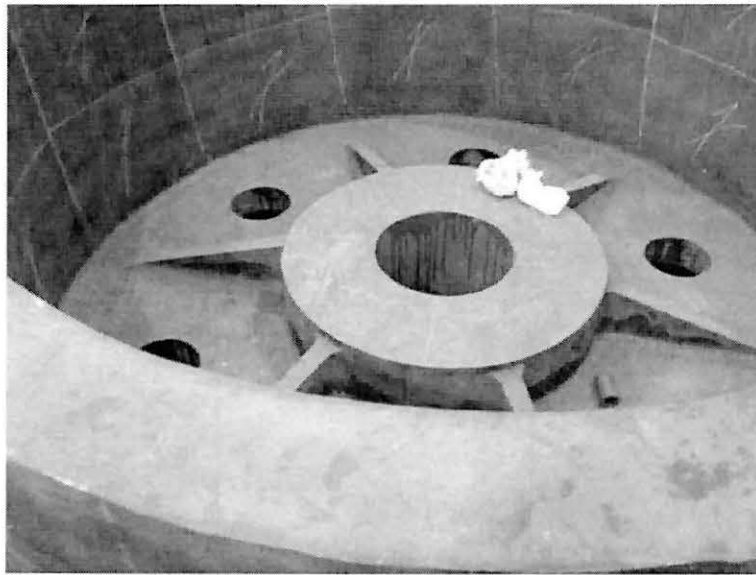
Very truly yours,

ANDRITZ HYDRO Canada Inc.

Mark Barandy

cc K. Pomeroy; ANDRITZ HYDRO Canada, Inc.
P. Byron; ANDRITZ HYDRO Canada, Inc.

ANDRITZ
Hydro



Generator Spider Casting



Generator Spider Casting

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Hydro



Generator Stator Coil/Wire in Warehouse